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STATE FOR USAID/EU (PBROWN) AND USAID

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SUBJECT: SWEDEN REVIEWS BILATERAL SUPPORT TO ENVIRONMENTAL CAPACITY DEVELOPMENT

STOCKHOLM 00000065 001.2 OF 002

¶1. Summary: Sweden, the world's largest donor per capita, is developing a new policy to incorporate climate change issues into development programs. As part of this effort, the Swedish International Development Cooperation Agency (SIDA), analyzed its programs from 1999-09, and presented lessons learned at a conference attended by the Embassy. The Embassy will follow up with SIDA to explore opportunities for cooperation in low carbon development. End summary.

¶2. On February 11, Econoff attended a Swedish International Development Cooperation Agency (SIDA) seminar entitled "What Works and What Doesn't - A Broadened Approach to Environment and Climate Change Management." With climate change and escalating environmental degradation becoming key constraints to economic growth and poverty reduction in many countries, SIDA has recognized the need to strengthen capacities to manage natural resources and critical ecosystem services in order to ensure development results.

¶3. Johan Schaar, SIDA Director for Environment, Climate Change and Sustainable Service; Maria Berlekom, Head of the Environment and Climate Change Team; and Annika Otterstedt, Deputy Head of the Environment and Climate Change Team; and Daniel Slunge, Environmental Economics Department at the University of Gothenburg, discussed lessons learned from attempts to link climate-change management and mainstream environmental concerns into Swedish development programs.

¶4. SIDA based its study on the results from Swedish-supported programs from 1999 to 2009 in China, Kenya, Laos, Tanzania, Vietnam and the Western Balkans (Albania, Macedonia and Serbia) that ranged in size from nearly \$30 million to \$1 million. The results of this study will form the background for a new Swedish policy that will incorporate environmental-awareness and climate change in development cooperation. Seminar speakers presented the following conclusions and recommendations for incorporating environment and climate-change management into assistance programs in developing countries:

- Swedish assistance contributed greatly to improving legislative frameworks, developing human resources and simplifying organizational mandates for environmental management.

- In developing countries, Environmental Ministry priorities often differed from the priorities of other government ministries.

- Swedish aid generally failed to stimulate high-level political demand, improve cross-sector coordination and increase monitoring and enforcement of environmental laws and

regulations.

- Environmental ministries and agencies in developing countries must participate in national budget negotiations in order to increase and sustain investments in environmental capacity development.
- Environmental ministries and agencies must use the global attention to climate change to elevate the need for a national environmental policy to the highest political levels and increase support for environmental capacity development.
- Swedish aid must complement efforts to strengthen policy formulation and environmental-sector organizations, using a broad approach that encourages finance, planning, agriculture, energy, and industry ministries to assume a greater responsibility for environmental management.
- SIDA must increase its support to capacity development programs on environmental management and climate change to identify synergies between the environmental and climate-change sectors, such as water, forests, agriculture and energy.
- SIDA must pursue a strategic dialogue to link environmental and climate-change issues to key national priorities such as economic growth, public health, poverty reduction and agricultural productivity.
- Sweden must increase its expertise on environmental and climate-change issues at Swedish embassies and SIDA country offices to conduct sustainable environmental-capacity development.

15. Post will meet with Schaar, Berlekom and Otterstedt to
STOCKHOLM 00000065 002.2 OF 002

learn more about Swedish efforts and explore opportunities for cooperation on low carbon development.

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